

ABU DHABI AVIATION

**Review report and interim financial
information for the period
ended 31 March 2020**

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF ABU DHABI AVIATION

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Abu Dhabi Aviation (the “Company”) and its subsidiaries (together referred to as the “Group”), as at 31 March 2020 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows and selected explanatory notes for the three-month period then ended. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with International Accounting Standard IAS 34, *Interim Financial Reporting*. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Deloitte & Touche (M.E.)



Mohammad Khamees Al Tah
Registration No. 717
20 May 2020
Abu Dhabi
United Arab Emirates

**Condensed consolidated statement of financial position
as at 31 March 2020**

	Notes	31 March 2020 (unaudited) AED'000	31 December 2019 (audited) AED'000
Assets			
Non-current assets			
Aircraft, property and equipment	4	2,340,098	2,356,806
Investment properties	5	326,633	318,131
Investments in financial assets	6	87,071	21,236
Right of use assets		117,508	115,246
Investment in a joint venture	7	58,262	57,939
Total non-current assets		2,929,572	2,869,358
Current assets			
Inventories		482,955	484,484
Trade receivables	8	707,713	634,489
Contract assets, prepayments and other current assets		315,468	264,136
Cash and bank balances	9	457,137	717,208
Right of use assets		5,073	10,573
Total current assets		1,968,346	2,110,890
Total assets		4,897,918	4,980,248
Equity			
Share capital	10	444,787	444,787
Share premium		112,320	112,320
Reserves		1,924,926	1,919,133
Retained earnings		528,035	567,953
Equity attributable to owners of the Company		3,010,068	3,044,193
Non-controlling interest		371,277	376,589
Total equity		3,381,345	3,420,782
Liabilities			
Non-current liabilities			
Provision for employees' end of service benefits		157,840	154,693
Term loans	11	606,078	628,143
Lease liabilities		144,683	140,942
Deferred income		169,853	178,699
Total non-current liabilities		1,078,454	1,102,477

The accompanying notes form an integral part of this interim financial information.

**Condensed consolidated statement of financial position
as at 31 March 2020 (continued)**

	Notes	31 March 2020 (unaudited) AED'000	31 December 2019 (audited) AED'000
Current liabilities			
Trade and other payables		110,554	138,804
Accrued expenses and other current liabilities		164,661	173,719
Term loans		123,390	96,549
Lease liabilities		4,219	12,622
Deferred income		35,295	35,295
Total current liabilities		438,119	456,989
Total liabilities		1,516,573	1,559,466
Total equity and liabilities		4,897,918	4,980,248

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the condensed consolidated interim financial statements present fairly in all material respects the consolidated financial position, financial performance and cash flows of the Group.



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Nader Ahmed Mohammed Al Hammadi
Chairman



Sheikh Ahmed Mohammed Sultan Al Dhaheer
Vice Chairman



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Ashraf Fahmy
Chief Financial Officer

The accompanying notes form an integral part of this interim financial information.

**Condensed consolidated statement of profit or loss (unaudited)
for the period ended 31 March 2020**

	Notes	Three months ended 31 March	
		2020	2019
		AED'000	AED'000
Revenue		550,370	442,845
Direct operating costs		(424,023)	(336,653)
Gross profit		126,347	106,192
General and administrative expenses		(47,188)	(40,062)
Impairment loss on aircraft, property and equipment	4	(10,855)	(10,097)
Impairment loss on investment property under construction	5	(12,377)	-
Share of profit of joint ventures	7	323	273
Expected credit losses recognised on trade receivables	8	(5,000)	-
Amortisation of deferred income		8,824	8,833
Finance income		2,128	1,961
Finance costs		(9,119)	(12,169)
Other income		3,688	4,110
Net change in the fair value of investment at FVTPL	6	(2,505)	1,241
Profit for the period		54,266	60,282
Profit for the period attributable to:			
Owners of the Company		59,578	42,175
Non-controlling interest		(5,312)	18,107
		54,266	60,282
Basic and diluted earnings per share (AED)		0.13	0.09

The accompanying notes form an integral part of this interim financial information.

**Condensed consolidated statement of comprehensive income (unaudited)
for the period ended 31 March 2020**

	Note	Three months ended 31 March	
		2020	2019
		AED'000	AED'000
Profit for the period		54,266	60,282
Other comprehensive income			
<i>Items that will not be reclassified subsequently to statement of profit or loss</i>			
Fair value gain on investments in equity instruments designated as at FVOCI		-	132
<i>Items that may be reclassified subsequent to profit or loss</i>			
Foreign currency translation differences		(4,746)	4,102
Other comprehensive income for the period		(4,746)	4,234
Total comprehensive income for the period		49,520	64,516
Total comprehensive income attributable to:			
Owners of the Company		54,832	46,409
Non-controlling interest		(5,312)	18,107
		49,520	64,516

The accompanying notes form an integral part of this interim financial information.

**Condensed consolidated statement of changes in equity
for the period ended 31 March 2020**

	Share capital AED'000	Share premium AED'000	Reserves AED'000	Retained earnings AED'000	Equity attributable to owners of the Company AED'000	Non- controlling interests AED'000	Total AED'000
Balance at 1 January 2019 (audited)	444,787	112,320	1,873,533	446,653	2,877,293	321,578	3,198,871
Profit for the period	-	-	-	42,175	42,175	18,107	60,282
Other comprehensive income for the period	-	-	4,234	-	4,234	-	4,234
Total comprehensive income	-	-	4,234	42,175	46,409	18,107	64,516
Dividends (note 13)	-	-	-	(88,957)	(88,957)	-	(88,957)
Balance at 31 March 2019 (unaudited)	444,787	112,320	1,877,767	399,871	2,834,745	339,685	3,174,430
Balance at 1 January 2020 (audited)	444,787	112,320	1,919,133	567,953	3,044,193	376,589	3,420,782
Profit for the period	-	-	-	59,578	59,578	(5,312)	54,266
Other comprehensive loss for the period	-	-	(4,746)	-	(4,746)	-	(4,746)
Total comprehensive income	-	-	(4,746)	59,578	54,832	(5,312)	49,520
Dividends (note 13)	-	-	-	(88,957)	(88,957)	-	(88,957)
Reclassification of translation reserve	-	-	10,539	(10,539)	-	-	-
Balance at 31 March 2020 (unaudited)	444,787	112,320	1,924,926	528,035	3,010,068	371,277	3,381,345

The accompanying notes form an integral part of this interim financial information.

**Condensed consolidated statement of cash flows (unaudited)
for the period ended 31 March 2020**

	Notes	Three months ended 31 March	
		2020 AED'000	2019 AED'000
Cash flows from operating activities			
Profit for the period		54,266	60,282
<i>Adjustments for:</i>			
Depreciation		41,496	41,344
Amortisation of right-of-use assets		3,238	3,118
Provision for employees' end of service benefits		5,086	6,607
Amortisation of deferred income		(8,824)	(8,833)
Impairment loss on aircraft, property and equipment	4	10,855	10,097
Impairment loss on investment property under construction	5	12,377	-
Impairment losses recognised on trade receivables	8	5,000	-
Gain on disposal of aircraft, property and equipment		2	-
Net changes in the fair value of investment at FVTPL	6	2,505	(1,241)
Share of profit of joint ventures	7	(323)	(273)
Finance costs		8,776	11,727
Finance income		(2,128)	(1,961)
Interest on lease liabilities		343	442
Operating cash flows before movements in working capital		132,669	121,309
Inventories		1,529	(4,005)
Trade receivables		(78,224)	110,317
Prepayments and other current assets		(51,332)	(38,237)
Trade and other payables		(28,250)	(2,130)
Accrued expenses and other current liabilities		(9,058)	(24,631)
Cash generated from operations		(32,666)	162,623
Employees' end of service benefits paid		(1,939)	(4,398)
Net cash (used in)/generated by operating activities		(34,605)	158,225
Cash flows from investing activities			
Acquisition of aircraft, property and equipment	4	(35,788)	(17,372)
Payments for investment property	5	(20,879)	(4,473)
Payments for investments in financial assets	6	(68,340)	-
Proceeds from disposal of aircraft, property and equipment		143	-
Proceeds from disposal of investment property		-	139,811
Proceeds from disposal of investment		-	1,362
Finance income received		2,128	1,961
Deposits with maturities over three months	9	80,849	23,811
Net cash (used in)/generated by investing activities		(41,887)	145,100
Cash flows from financing activities			
Drawdown/(repayment) of term loans		4,775	(20,095)
Finance costs paid		(13,886)	(11,727)
Repayment of lease liability		(4,662)	(5,383)
Dividends paid	13	(88,957)	(88,957)
Net cash used in financing activities		(102,730)	(126,162)
Net (decrease)/increase in cash and cash equivalents		(179,222)	177,163
Cash and cash equivalents at 1 January	9	295,349	183,638
Cash and cash equivalents at 31 March	9	116,127	360,801

The accompanying notes form an integral part of this interim financial information.

**Notes to the interim financial information
for the period ended 31 March 2020****1 Legal status and principal activities**

Abu Dhabi Aviation (the “Company”) is a national shareholding company incorporated in Abu Dhabi, United Arab Emirates by the Decrees and Laws No. 3, No. 10, No. 8, No. 9 and No. 11 of the years 1982, 1985, 1999, 2003 and 2004, respectively. The Company’s shares are listed on the Abu Dhabi Securities Exchange.

The Company and its subsidiaries (together referred to as the “Group”) have been established to own and operate helicopters and fixed wing aircraft both within and outside the United Arab Emirates and to undertake charter, commercial, air cargo and other related services. The Company has its registered office at P.O. Box 2723, Abu Dhabi, United Arab Emirates.

2 Basis of preparation

These condensed consolidated financial statements for the three months ended 31 March 2020 have been prepared in accordance with IAS 34 *Interim Financial Reporting* and applicable requirements of the laws of the UAE.

These condensed consolidated financial statements are presented in United Arab Emirates Dirhams (“AED”), which is the Group’s functional and presentational currency. All values are rounded to the nearest AED thousands, except when otherwise indicated.

The condensed consolidated financial statements do not include all information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2019. In addition, results for the three-month period ended 31 March 2020 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2019.

Judgments, estimates and risk management

The preparation of the condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affects the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group’s annual financial statements for the year ended 31 December 2019, except as mentioned in Note 3.

3 Significant accounting policies

The accounting policies used in the preparation of this condensed consolidated financial statements are consistent with those used in the preparation of the Group’s annual financial statements for the year ended 31 December 2019, and the notes attached thereto.

**Notes to the interim financial information
for the period ended 31 March 2020 (continued)**

3 Significant accounting policies (continued)

Revised standards

Effective for annual periods beginning on or after 1 January 2020

- Definition of Material - Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- Definition of a Business – Amendments to IFRS 3 Business Combinations
- Amendments to References to the Conceptual Framework in IFRS Standards
- IFRS 7 Financial Instruments: Disclosures and IFRS 9 — Financial Instruments

Effective for annual periods beginning after 1 January 2021

- IFRS 17: Insurance Contracts
- Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* (2011) relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture.

Basis of consolidation

The condensed consolidated financial statements incorporate the financial position and performance of the Company and its subsidiaries as disclosed below:

Name of subsidiary	<u>Ownership interest</u>		Country of incorporation	Principal activities
	31 March 2020	31 December 2019		
Maximus Air – Sole Proprietorship L.L.C.	100%	100%	UAE	Air cargo
Royal Jet L.L.C.	50%	50%	UAE	Commercial air and transportation services
Herbal Hill Gardens Limited	100%	100%	Gibraltar	Investment properties ownership
ADA Real Estate Management and General Maintenance L.L.C.	100%	100%	UAE	Real estate and facilities
Maximus Airlines L.L.C.	100%	100%	Ukraine	Air cargo services
ADA International Real Estate Owned by Abu Dhabi Aviation – Sole Proprietorship Co. L.L.C	100%	100%	UAE	Real estate lease and management services
Abu Dhabi Aviation Training Centre L.L.C	100%	100%	UAE	Aviation training
ADA Millennium Consulting – Owned by Abu Dhabi Aviation Sole Proprietorship L.L.C	100%	100%	UAE	Advisory and implementation consultancy services to aviation, manufacturing, hospitality, oil and gas and private equity sectors

**Notes to the interim financial information
for the period ended 31 March 2020 (continued)**

3 Significant accounting policies (continued)

Critical judgments and key sources of estimation uncertainty

The critical judgements and estimates used in the preparation of these condensed consolidated financial statements are consistent with those used in the preparation of the Group's annual financial statements for the year ended 31 December 2019.

4 Aircraft, property and equipment

During the period ended 31 March 2020, the Group incurred AED 35.8 million (31 December 2019: AED 63.8 million) on the acquisition of aircraft, property and equipment. Depreciation of aircraft, property and equipment during this period amounted to AED 41.5 million (31 March 2019: AED 41.3 million). Impairment loss on valuation of aircraft has been recognised during the period amounted to AED 10.9 million (31 March 2019: AED 10.1 million).

There is no material disposal occurred during the period. Aircraft, property and equipment is primarily operated from the Group's base in the United Arab Emirates.

5 Investment properties

Investment properties as at 31 March 2020 represent investment in a property owned by Royal Jet L.L.C. located in Khalifa City, Abu Dhabi, a premises located in Al Rawdhat, Abu Dhabi and two properties under construction in Satwa Redevelopment Zone, Dubai.

	31 March 2020 (unaudited) AED'000	31 December 2019 (audited) AED'000
Balance at 1 January	318,131	410,363
Investment properties – Al Rawdhat	27	189
Additions to investment property under construction	20,852	38,390
Impairment on investment property under construction	(12,377)	-
Disposal of London property	-	(139,811)
Increase in fair value - Khalifa City	-	9,000
	326,633	318,131

The fair value of the investment properties was arrived at on the basis of a valuation carried out on 31 December 2019, by independent valuers not connected with the Group. The valuers are members of a professional valuers association, with appropriate qualifications and recent experience in the valuation of properties at the relevant locations. Management believes that there is no significant change in fair value of investment properties as at 31 March 2020.

**Notes to the interim financial information
for the period ended 31 March 2020 (continued)**

5 Investment properties (continued)

The fair value was derived using the market comparable approach based on recent market prices without any significant adjustments being made to the market observable data. As at 31 March 2020, all of the Group's investment properties were grouped in Level 2 of fair value hierarchy (31 December 2019: Level 2).

Impairment loss on valuation of investment property under construction has been recognised during the period amounted to AED 12.4 million (31 March 2019: AED Nil).

6 Investments in financial assets

	31 March 2020 (unaudited) AED'000	31 December 2019 (audited) AED'000
Equity securities - designated at FVTPL	18,071	21,236
Corporate debt securities - designated at FVTPL	69,000	-
	<hr/> 87,071 <hr/>	<hr/> 21,236 <hr/>

The movement in investment in financial assets is as follows:

	31 March 2020 (unaudited) AED'000	31 December 2019 (audited) AED'000
Balance at 1 January	21,236	88,115
Purchase of investments in corporate debt securities – FVTPL	68,340	-
Disposal of corporate debt securities – FVTOCI	-	(71,724)
Change in fair value of investments - FVTPL	(2,505)	2,820
Change in fair value of investment – FVTOCI	-	2,025
	<hr/> 87,071 <hr/>	<hr/> 21,236 <hr/>

**Notes to the interim financial information
for the period ended 31 March 2020 (continued)**

6 Investments in financial assets (continued)

The Group's investments in equity and debt securities is as follows:

	31 March 2020 (unaudited) AED'000	31 December 2019 (audited) AED'000
Investment in Fixed Income SP - UAE	18,071	21,236
Investments in short term maturity bonds	25,933	-
Investments in corporate bonds - UK	9,341	-
Investments in corporate bonds – European (EX-UK)	13,646	-
Investments in corporate bonds – Asia Pacific (EX-Japan)	2,123	-
Investment in high yield and emerging market bonds	17,957	-
	<hr/> 87,071 <hr/>	<hr/> 21,236 <hr/>

7 Investments in joint ventures

The Group has a 70% equity shareholding with equal voting power in Agusta Westland Aviation Services L.L.C., a joint venture established in the Emirate of Abu Dhabi, UAE as a limited liability company. Agusta Westland Aviation Services L.L.C. is engaged to undertake repairs, overhaul, customisation, modification and upgrading of helicopters, and sale of helicopter spare parts and accessories. The Group's share of the results, assets and liabilities as at 31 March 2020 has been accounted for using the equity method.

8 Trade receivables

	31 March 2020 (unaudited) AED'000	31 December 2019 (audited) AED'000
Trade receivables	769,205	692,413
Due from related parties	24,854	23,422
	<hr/> 794,059 <hr/>	<hr/> 715,835 <hr/>
Less: Allowance for impairment losses recognised	(86,346)	(81,346)
	<hr/> 707,713 <hr/>	<hr/> 634,489 <hr/>

**Notes to the interim financial information
for the period ended 31 March 2020 (continued)**

9 Cash and deposits with banks

Cash and cash equivalents included in the condensed consolidated statement of cash flows comprise the following condensed consolidated statement of financial position amounts:

	31 March 2020 (unaudited) AED'000	31 December 2019 (audited) AED'000
Cash on hand	5,122	4,795
Short term deposits	341,010	421,859
Balances at current accounts	111,005	290,554
	<hr/>	<hr/>
Cash and bank balances	457,137	717,208
Less: deposits with maturities over three months	(341,010)	(421,859)
	<hr/>	<hr/>
Cash and cash equivalents in the condensed consolidated statement of cash flows	116,127	295,349
	<hr/> <hr/>	<hr/> <hr/>

Cash and deposits with banks include an amount of AED 3.66 million (31 December 2019: AED 271.4 million) held in foreign banks abroad and the remaining balance is held within the UAE. Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the central banks of the respective countries. Accordingly, management of the Group estimates the loss allowance on balances with banks at the end of the reporting period at an amount equal to 12 month ECL. None of the balances with banks at the end of the reporting period are past due, and taking into account the historical default experience and the current credit ratings of the bank, the management of the Group have assessed that there is no impairment, and hence have not recorded any loss allowances on these balances.

10 Share capital

	31 March 2020 (unaudited) AED'000	31 December 2019 (audited) AED'000
Issued and fully paid: 444,787,200 shares of AED 1 each	444,787	444,787
	<hr/> <hr/>	<hr/> <hr/>

**Notes to the interim financial information
for the period ended 31 March 2020 (continued)**

11 Term loans

During the period ending 31 March 2020, the Group has entered into an arrangement with a foreign bank to finance the purchases of corporate bonds. The loan is repayable on demand. The interest is calculated by reference to three month LIBOR plus 0.75% per annum. The loan is mortgaged against first charge on the investments in corporate debt securities held with the bank. All other borrowings and repayments made against facilities of the Group are in accordance with the terms disclosed in the consolidated financial statements for the year ended 31 December 2019.

12 Basic and diluted earnings per share

Earnings per share amounts are calculated by dividing the profit for the period attributable to shareholders of the Company by the weighted average number of shares outstanding during the period.

The following reflects the income and shares data used in the earnings per share computations:

	Three months ended 31 March	
	2020 (unaudited)	2019 (unaudited)
Profit attributable to Owners of the Company (AED'000)	59,578	42,175
Weighted average number of shares in issue (AED'000)	444,787	444,787
Earnings per share (AED)	0.13	0.09

The Group does not have potentially dilutive shares and accordingly, diluted earnings per share is equal to basic earnings per share.

13 Dividends

Cash dividends of AED 0.20 per ordinary share (20% of par value) amounting to AED 89 million (2019: AED 89 million) were approved by the shareholders at the annual general meeting held on 25 February 2020.

**Notes to the interim financial information
for the period ended 31 March 2020 (continued)****14 Contingent liabilities**

As at 31 March 2020, the Group had outstanding contingent liabilities in respect of letters of guarantee amounting to AED 63.7 million (31 December 2019: AED 66.6 million).

15 Commitments*Capital commitments*

As at 31 March 2020, the Group had estimated commitments for the acquisition of property and equipment of AED 250.4 million (31 December 2019: AED 178 million).

16 Segment information

Information regarding the Group's operating segments is set out below in accordance with IFRS 8 *Operating Segments*. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

For operating purposes, the Group is organised into four major business segments:

- (i) Helicopter and fixed wing operations, which provides aircraft leasing, charter flights and third party maintenance services;
- (ii) Commercial aircraft operations, which provides commercial air transportation and aircraft management services;
- (iii) Air cargo, which provides air cargo services to local and international customers using its fleet of aircrafts and sub-chartered aircraft; and
- (iv) Investments, which involves the management of the Group's investment portfolio.

These segments are the basis on which the Group reports its primary segment information. Transactions between segments are conducted at rates determined by management taking into consideration the cost of funds.

**Notes to the interim financial information
for the period ended 31 March 2020 (continued)**

16 Segment information (continued)

Information regarding these segments is presented below:

	Helicopter and fixed wing operations AED'000	Commercial aircraft operations AED'000	Air cargo AED'000	Investments AED'000	Others AED'000	Eliminations AED'000	Group AED'000
31 March 2020 (unaudited)							
Revenue	<u>158,296</u>	<u>122,696</u>	<u>261,524</u>	<u>-</u>	<u>14,794</u>	<u>(6,940)</u>	<u>550,370</u>
Profit for the period	<u>90,473</u>	<u>(10,626)</u>	<u>64,842</u>	<u>-</u>	<u>2,617</u>	<u>(93,040)</u>	<u>54,266</u>
31 March 2019 (unaudited)							
Revenue	<u>148,361</u>	<u>160,229</u>	<u>128,915</u>	<u>-</u>	<u>11,667</u>	<u>(6,327)</u>	<u>442,845</u>
Profit for the period	<u>9,156</u>	<u>36,215</u>	<u>12,179</u>	<u>-</u>	<u>2,732</u>	<u>-</u>	<u>60,282</u>

The segment assets and liabilities were as follows:

	Helicopter and fixed wing operations AED'000	Commercial aircraft operations AED'000	Air cargo AED'000	Investments AED'000	Others AED'000	Eliminations AED'000	Group AED'000
31 March 2020 (unaudited)							
Assets	<u>3,017,746</u>	<u>1,390,152</u>	<u>779,985</u>	<u>413,704</u>	<u>273,007</u>	<u>(976,676)</u>	<u>4,897,918</u>
Liabilities	<u>730,348</u>	<u>704,862</u>	<u>74,005</u>	<u>41,736</u>	<u>-</u>	<u>(34,378)</u>	<u>1,516,573</u>
31 December 2019 (audited)							
Assets	<u>3,138,489</u>	<u>1,439,679</u>	<u>802,991</u>	<u>339,367</u>	<u>266,336</u>	<u>(1,006,614)</u>	<u>4,980,248</u>
Liabilities	<u>784,323</u>	<u>729,827</u>	<u>73,013</u>	<u>-</u>	<u>37,655</u>	<u>(65,352)</u>	<u>1,559,466</u>

The Group operates primarily from its base in the United Arab Emirates and accordingly no further geographical analysis of revenues, profit, fair value gains, assets and liabilities is given.

**Notes to the interim financial information
for the period ended 31 March 2020 (continued)**

17 Related parties

The Group, in the ordinary course of business, enters into transactions, at agreed terms and conditions, with related parties. Related parties comprise of the Group's shareholders, directors, senior management and businesses controlled by them and their families or over which they exercise significant management influence as well as key management personnel.

Significant transactions with related parties during the period were as follows:

	Three months ended 31 March	
	2020	2019
	(unaudited)	(unaudited)
	AED'000	AED'000
Revenue	33,904	45,148
Finance cost on finance lease of aircraft	-	442
Key management compensation		
Salaries and other short term employee benefits	4,831	5,519
Directors' fees	1,883	1,790
Provisions for employees' end of service benefits	369	279

18 Seasonality of results

No income of a seasonal nature was recorded in the condensed consolidated statement of profit or loss for the three months period ended 31 March 2020 and 2019.

**Notes to the interim financial information
for the period ended 31 March 2020 (continued)**

19 Financial instruments – fair value and risk management

Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

31 March 2020	Carrying amounts				Fair values			
	FVTPL - equity Instruments AED'000	FVTPL - debt instruments AED'000	Measured at amortised cost AED'000	Total AED'000	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
Financial assets measured at fair value								
Investment in Waha CEEMEA								
Fixed Income Fund SP	18,071	-	-	18,071	-	18,071	-	18,071
Investments in short term maturity bonds	-	25,933	-	25,933	25,933	-	-	25,933
Investments in corporate bonds - UK	-	9,341	-	9,341	9,341	-	-	9,341
Investments in corporate bonds – European (EX-UK)	-	13,646	-	13,646	13,646	-	-	13,646
Investments in corporate bonds – Asia Pacific (EX-Japan)	-	2,123	-	2,123	2,123	-	-	2,123
Investment in high yield and emerging market bonds	-	17,957	-	17,957	17,957	-	-	17,957
	18,071	69,000	-	87,071	69,000	18,071	-	87,071
Financial assets not measured at fair value								
Trade receivables	-	-	707,713	707,713	-	-	-	-
Other current assets	-	-	265,475	265,475	-	-	-	-
Cash and deposits with banks	-	-	457,137	457,137	-	-	-	-
	-	-	1,430,325	1,430,325	-	-	-	-

**Notes to the interim financial information
for the period ended 31 March 2020 (continued)**

19 Financial instruments - fair value and risk management (continued)

Accounting classifications and fair values (continued)

31 March 2020 (continued)	Carrying amounts				Fair values			
	FVTPL - equity Instruments AED'000	FVTPL - debt instruments AED'000	Measured at amortised cost AED'000	Total AED'000	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
Financial liabilities not measured at fair value								
Trade and other payables	-	-	(110,554)	(110,554)	-	-	-	-
Term loans	-	-	(729,468)	(729,468)	-	-	-	-
Lease liability	-	-	(148,902)	(148,902)	-	-	-	-
Accrued expenses and other current liabilities	-	-	(164,661)	(164,661)	-	-	-	-
	-	-	(1,153,585)	(1,153,585)	-	-	-	-

**Notes to the interim financial information
for the period ended 31 March 2020 (continued)**

19 Financial instruments – fair value and risk management (continued)

Accounting classifications and fair values (continued)

At 31 December 2019	Carrying amounts				Fair values			
	FVTPL - equity instruments AED'000	FVTPL - debt instruments AED'000	Measured at amortised cost AED'000	Total AED'000	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
Financial assets measured at fair value								
Investment in Waha CEEMEA Fixed Income Fund SP	21,236	-	-	21,236	-	21,236	-	21,236
	21,236	-	-	21,236	-	21,236	-	21,236
Financial assets not measured at fair value								
Trade receivables	-	-	634,489	634,489	-	-	-	-
Contract assets and other current assets	-	-	168,949	168,949	-	-	-	-
Cash and bank balances	-	-	717,208	717,208	-	-	-	-
	-	-	1,520,646	1,520,646	-	-	-	-
Financial liabilities not measured at fair value								
Trade and other payables	-	-	(138,804)	(138,804)	-	-	-	-
Term loans	-	-	(724,692)	(724,692)	-	-	-	-
Lease liabilities	-	-	(153,564)	(153,564)	-	-	-	-
	-	-	(1,017,060)	(1,017,060)	-	-	-	-

There were no transfers between Level 1 and 2 during the period.

**Notes to the interim financial information
for the period ended 31 March 2020 (continued)****20 Impact of Covid-19 on significant estimates and critical judgements**

The existence of novel coronavirus (Covid-19) was confirmed in early 2020 and has spread across mainland China and beyond, causing disruptions to businesses and economic activity. The directors consider this to be a non-adjusting event subsequent to the reporting date. As the situation is fluid and rapidly evolving, we do not consider it practicable to provide a quantitative estimate of the potential impact of this outbreak on the Group. The impact of this outbreak on the macroeconomic forecasts has been incorporated into the Group's IFRS 9 estimates of expected credit loss allowances and measurement of impairment of non-financial assets.

21 Approval of interim financial information

The interim financial information were approved by management and authorised for issue by the Board of Directors on 20 May 2020.